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## City of Detroit

### CITY COUNCIL

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ANNE MARIE LANGAN  
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TO: Thomas Tuskey, Director  
Civic Center

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: May 5, 2008

RE: 2008-2009 Budget Analysis

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Attached is our budget analysis regarding your department's budget for the upcoming 2008-2009 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Thursday, May 8, 2008 at 10:00 a.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers  
Council Divisions  
Auditor General's Office  
Norman White, Finance Department Director  
Pam Scales, Budget Director  
Donna McAlister, Budget Department Team Leader  
Kerwin Wimberly, Mayor's Office

## Civic Center (14)

### FY 2008-2009 Budget Analysis by the Fiscal Division

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##### Summary

The Civic Center Department is a General Fund Agency. The Mayor's Proposed Budget for 2008-2009 includes appropriations of \$19.3 million reflecting a decrease of \$928,040 or 4.6% from fiscal year 2007-2008. Budgeted revenues are \$7.4 million reflecting a decrease of \$950,089 or 11.4% from fiscal year 2007-2008.

Budgeted appropriations of \$19.3 million and revenues of \$7.4 million provide a net tax cost of \$11.9 million. The Department's net tax cost to the City has increased by \$22,049 or less than 0.2 % from fiscal year 2007-2008 to fiscal year 2008-2009.

##### 2007-2008 Surplus/(Deficit)

The estimated deficit in the Civic Center for fiscal year 2007-2008 is \$2.3 million due to revenue shortfall in building rentals and concessions.

##### Overtime

The Mayor's Proposed Budget for fiscal year 2008-2009 includes \$181,750 for overtime in the Civic Center Department. This reflects a \$5,500 increase or 3.1% change from FY 2007-2008. As of March 31, 2008, the Civic Center has expended \$194,085 or 110.1% of the FY 2007-2008 budgeted overtime.

##### Personnel and Turnover Savings

The Mayor's 2008-2009 Proposed Budget projects \$124,849 in employee turnover savings from one vacant position in the Administration (00008) appropriation.

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2007-08</u>	<u>Filled Positions 3/31/2008</u>	<u>Mayor's Budget Positions FY 2008-09</u>	<u>Over/(Under) Actual to 07/08 Budget</u>	<u>Mayor's Recommended Turnover</u>
<b>Civic Center (14):</b>					
<b>00008 Administration</b>	<b>7</b>	<b>5</b>	<b>7</b>	<b>(2)</b>	<b>\$ -</b>
140040 Sales and Marketing	8	7	8	(1)	\$ 124,849
140045 Operations	4	4	4	0	\$ -
140090 Maintenance	0	0	0	0	\$ -
140100 Building Services	13	13	13	0	\$ -
140140 Security Cobo	0	0	0	0	\$ -
<b>00011 Cobo Center</b>	<b>25</b>	<b>24</b>	<b>25</b>	<b>(1)</b>	<b>\$ -</b>
<b>11150 Property Management</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>(1)</b>	<b>\$ -</b>
14XXXX Leave of Absence	0	(1)	0	(1)	\$ -
14XXXX Worker's Comp.	0	(1)	0	(1)	\$ -
14XXXX Unmatched Positions	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>\$ -</u>

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<b>TOTAL</b>	<b><u>36</u></b>	<b><u>31</u></b>	<b><u>36</u></b>	<b><u>(5)</u></b>	<b><u>\$ 124,849</u></b>
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#### Proposed Layoffs and Position Changes

The Mayor's Proposed Budget for 2008-2008 does not include any layoffs for the Civic Center Department. The Budget does not include any position changes.

#### Significant Funding Changes by Appropriation

<u>Appro.</u>	<u>Program</u>	
00008	Administration	The appropriation for Administrative Services of the Civic Center increased by \$24,555. This increase results from the following: a \$30,790 increase in Salaries and Wages; a \$2,818 increase in Operating Services; a \$947 increase in Employee Benefits; and a \$10,000 decrease in Operating Supplies.
00011	Cobo Center	The appropriation for Cobo Center decreased by \$2,025,629 primarily due to the following: a \$ 2,954,613 decrease in Retirement of Debt-Principal; a \$141,294 decrease in Interest on Bonded Debt; a \$31,457 decrease in Telecommunications; offset by a \$742,724 increase in Utilities-PLD Electricity; a \$185,408 increase in Utilities Steam; a \$43,985 increase in Salaries-Full Time and a \$64,073 increase in Telecommunications.
00890	Cobo – Renewal and Replacement	The appropriation for Cobo-Renewal and Replacement increased by \$850,000 for Major Building Repairs.
10318	Capital Improvement	The appropriation for Capital Improvement-Bonds decreased by \$200,000 for Major Building Repairs.
11150	Property Management	The appropriation for Property Management increased by \$423,034 primarily due to a \$362,721 increase in Contract Services; a \$52,538 increase in Part-Time Wages and a \$42,926 increase in Utilities -Sewage.

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### FY 2008-2009 Budget Analysis by the Fiscal Division

#### **Civic Center (14)**

Budgeted Professional and Contractual Services by Activity	FY 2007-08 Budget	FY 2008-09 Recommended	Increase (Decrease)
Administrative Services	\$ 60,000	\$ 60,000	\$ -
Civic Center Facilities Operations	3,511,778	3,500,000	(11,778)
Property Management	237,279	600,000	362,721
Bond Interest and Redemption	-	-	-
<b>Total</b>	<b>\$ 3,809,057</b>	<b>\$ 4,160,000</b>	<b>\$ 350,943</b>

#### Significant Revenue Changes by Appropriation

<u>Appro.</u>	<u>Program</u>	
00008	Administration	Administration Revenues have decreased overall by \$1,251,089 due to the following: a \$825,000 decrease in Miscellaneous Concessions; a \$400,000 decrease in Restaurant Concessions; a \$20,000 decrease in Building Rentals and a \$5,000 decrease in Equipment Rentals; offset by a \$1,000 increase in Other Reimbursements.
00890	Cobo – Renewal and Replacement	Renewal and Replacement Revenue increase by \$850,000 due to the projected increase in Transfers From Other Funds.
10318	Capital Improvement	Capital Improvements have decreased by \$200,000 due to: \$200,000 decrease in Earning On Investment.
11150	Property Management	Property Management Revenues have decreased by \$349,000 due to: a \$349,000 decrease in Hart Plaza Building Rentals.

#### Issues and Questions

1. What caused the significant decrease in the budgeted amount for revenues from the Hart Plaza Building Rentals?
2. Why were Janitorial Services transferred back to the Cobo Center from the General Services Department?
3. How does the Civic Center plan on booking more events? Capturing more customers? What is their strategy?
4. What phase is the Civic Center in for the expansion of its facility?

**Civic Center (14)**

**FY 2008-2009 Budget Analysis by the Fiscal Division**

5. What caused the dollar amount of the Professional Services Contract to increase substantially?